



## MICHIGAN CHAPTER

February 3, 2014

To: Chairman Nesbitt and members of the House Energy and Technology Committee

**Sierra Club urges a NO vote on HB 5013 (Stamas)**, a bill that would allow utility companies to negotiate contracts with large commercial energy users without oversight from the Michigan Public Service Commission (MPSC).

This bill could set a precedent for allowing utility companies to charge lower electric rates for large customers, which would place an undue burden of higher prices on other commercial and residential ratepayers in that utility's service territory. MPSC oversight is important for protecting all ratepayers and making sure they are charged a fair, accurate, and compensatory price for their electricity. Exempting large customers from MPSC oversight is the wrong decision for families and small businesses that could be stuck with rate increases to offset the subsidized prices given to large energy users.

If lawmakers are truly concerned with lowering electricity rates for customers, they should increase our commitment to clean energy. Michigan has the highest energy costs in the Midwest largely due to our overinvestment in expensive, outdated and polluting coal, which currently supplies over 50% of the state's electricity. Data shows that renewable energy now costs less than all other forms of energy and is already helping mitigate energy price hikes. While the costs of coal and nuclear energy range from \$108-133 per megawatt/hour, some of the latest wind contracts came in at \$43 per megawatt/hour, even beating natural gas which comes in at \$67 per megawatt/hour.<sup>1</sup>

Another way to reduce cost for ratepayers is by minimizing our consumption of electricity through energy efficiency. Whether it's a homeowner updating an old, inefficient furnace, a hospital installing a new lighting system, or a small-business owner adding insulation, energy efficiency benefits all of us. Current law set a standard of 1% annual savings and has been highly successful, yielding \$3.55 in savings for ratepayers for every \$1 invested in energy efficiency.<sup>2</sup>

HB 5013 could result in higher electricity rates for families and businesses, while an increased commitment to clean energy would do the exact opposite by helping reign in rising energy costs.

**For these reasons, we urge you to vote NO on HB 5013. Votes pertaining to this bill will be included in the Sierra Club's legislative scorecard.**

Sincerely,

Mike Berkowitz  
Legislative and Political Director  
Sierra Club Michigan Chapter

<sup>1</sup>[http://www.michigan.gov/documents/energy/renewable\\_final\\_438952\\_7.pdf](http://www.michigan.gov/documents/energy/renewable_final_438952_7.pdf)

<sup>2</sup>[http://www.michigan.gov/documents/energy/ee\\_report\\_441094\\_7.pdf](http://www.michigan.gov/documents/energy/ee_report_441094_7.pdf)